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DEVELOPMENTS CONCERNING THE NATIONAL EMERGENCY WITH RESPECT TO SIGNIFICANT NARCOTICS TRAFFICKERS CENTERED IN COLOMBIA

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A REPORT ON DEVELOPMENTS CONCERNING THE NATIONAL EMERGENCY WITH RESPECT TO SIGNIFICANT NARCOTICS TRAFFICKERS CENTERED IN COLOMBIA THAT WAS DECLARED IN EXECUTIVE ORDER NO. 12978 OF OCTOBER 21, 1995—RECEIVED IN THE UNITED STATES HOUSE OF REPRESENTATIVES OCTOBER 23, 1996, PURSUANT TO 50 U.S.C. 1703(c)



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THE WHITE HOUSE,
Washington, DC, October 21, 1996.

Hon. NEWT GINGRICH,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: I hereby report to the Congress on the developments since my report of April 23, 1996, concerning the national emergency with respect to significant narcotics traffickers centered in Colombia that was declared in Executive Order 12978 of October 21, 1995. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c).

1. On October 21, 1995, I signed Executive Order 12978, "Blocking Assets and Prohibiting Transactions with Significant Narcotics Traffickers" (the "Order") (60 Fed. Reg. 54579, October 24, 1995). The Order blocks all property subject to U.S. jurisdiction in which there is any interest of four significant foreign narcotics traffickers who are principals in the so-called Cali drug cartel centered in Colombia. They are listed in the Annex to the Order. The Order also blocks the property and interests in property of foreign persons determined by the Secretary of the Treasury. In consultation with the Attorney General and the Secretary of State, (a) to play a significant role in international narcotics trafficking centered in Colombia or (b) to materially assist in or provide financial or technological support for, or goods or services in support of, the narcotics trafficking activities of persons designated in or pursuant to the Order. In addition the Order blocks all property and interests in property subject to U.S. jurisdiction of persons determined by the Secretary of the Treasury, in consultation with the Attorney General and the Secretary of State, to be owned or controlled by, or to act for or on behalf of, persons designated in or pursuant to the Order (collectively "Specifically Designated Narcotics Traffickers" or (SDNTs)).

The Order further prohibits any transaction or dealing by a United States person or within the United States in property or interests in property of SDNTs, and any transaction that evades or avoids, has the purpose or evading or avoiding, or attempts to violate, the prohibitions contained in the Order.

Designations of foreign persons blocked pursuant to the Order are effective upon the date of determination by the Director of the Department of the Treasury's Office of Foreign Assets Control (OFAC) acting under authority delegated by the Secretary of the Treasury. Public notice of blocking is effective upon the date of filing with the Federal Register, or upon prior actual notice.

2. On October 24, 1995, the Department of the Treasury issued a notice containing 76 additional names of persons determined to

meet the criteria set forth in Executive Order 12978 (60 Fed. Reg. 54582–84, October 24, 1995).

The Department of the Treasury issued another notice adding the names of one additional entity and three additional individuals, as well as expanded information regarding addresses and pseudonyms, to the List of SDNTs on November 29, 1995 (60 Fed. Reg. 61288–89).

3. On March 8, 1996, OFAC published a notice in the Federal Register adding the names of 138 additional individuals and 60 entities designated pursuant to the Order, and revising information for 8 individuals on the list of blocked persons contained in the notices published on November 29, 1995, and October 24, 1995 (61 Fed. Reg. 9523–28). The OFAC, in coordination with the Attorney General and the Secretary of State, is continuing to expand the list of Specially Designated Narcotics Traffickers, including both organizations and individuals, as additional information is developed.

4. Since my last report, OFAC has issued 498 alert letters to businesses in Colombia that are known to have had some form of pre-sanctions business or financial relationships with entities identified as SDNTs of the Cali drug cartel. These letters urge the Colombian companies to sever any business or financial relationships they have with the SDNTs.

5. A task force operating under OFAC's direction and staffed with personnel detailed from the Department of Justice and other Federal agencies has been established in the U.S. Embassy in Bogota to enhance OFAC's enforcement capabilities under the SDNT program. The task force, which also has other personnel assigned to OFAC in Washington, is working on an expedited basis to escalate the attack on the drug cartels in Colombia as envisioned by Executive Order 12978.

The task force mission is to identify, develop, and exploit all forms of information resources in Colombia in order to further expose and incapacitate the businesses and operatives of the Cali drug cartel and other significant narcotics traffickers in Colombia. By increasing the number of SDNT designations, U.S. sanctions will impact an ever-larger number of individuals and entities that are owned or controlled by, or act for or on behalf of the cartels, or which provide material or financial support to the activities of Significant Narcotics Traffickers. Personnel and related costs are being borne by the parent agencies of the persons detailed to the narcotics sanctions project in Bogota and Washington.

6. As of August 31, 1996, OFAC had issued five specific licenses pursuant to Executive Order 12978. These licenses were issued in accordance with established Treasury policy authorizing the completion of pre-sanctions transactions and the provision of legal services to and payment of fees for representation of SDNTs in proceedings within the United States arising from the imposition of sanctions.

7. The expenses incurred by the Federal Government in the 6-month period from April 21 through October 20, 1996, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the national emergency with respect to Significant Narcotics Traffickers are estimated at approximately \$1 million. Personnel costs were largely centered in the Department

of the Treasury (particularly in the Office of Foreign Assets Control, the Office of the General Counsel, and the U.S. Customs Service), the Department of Justice, and the Department of State.

8. Executive Order 12978 provides this Administration with a new tool for combatting the actions of significant foreign narcotics traffickers centered in Colombia, and the unparalleled violence, corruption, and harm that they cause in the United States and abroad. The Order is designed to deny these traffickers the benefit of any assets subject to the jurisdiction of the United States and to prevent United States persons from engaging in any commercial dealings with them, their front companies, and their agents. Executive Order 12978 demonstrates the U.S. commitment to end the scourge that such traffickers have wrought upon society in the United States and abroad.

The magnitude and the dimension of the problem in Colombia—perhaps the most pivotal country of all in terms of the world's cocaine trade—is extremely grave. I shall continue to exercise the powers at my disposal to apply economic sanctions against significant foreign narcotics traffickers and their violent and corrupting activities as long as these measures are appropriate, and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

Sincerely,

WILLIAM J. CLINTON.

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